



Legislation Details (With Text)

File #: 23-0293 **Version:** 1

Type: Resolution **Status:** Adopted

File created: 3/12/2023 **In control:** Safety, Housing, Education & Homelessness Committee

On agenda: 4/3/2023 **Final action:** 4/3/2023

Title: A resolution approving a proposed Second Amendment and Modification Agreement between the City and County of Denver and 3501 Chestnut Development, LLC to provide additional loan funding on a 49-unit affordable housing project known as Chestnut Place Lofts, located at 3501 Chestnut Place Council District 9.
Amends a loan agreement with 3501 Chestnut Development, LLC to add \$5,000,000 construction loan funding for a new total of \$8,185,000 and 1 year repayment term, as well as bifurcating the repayment structure, to address increased construction interest costs on a 49-unit affordable housing project known as Chestnut Place Lofts, located at 3501 Chestnut Place Council District 9 (HOST-202262289/HOST-202367135). The last regularly scheduled Council meeting within the 30-day review period is on 4-24-2023. The Committee approved filing this item at its meeting on 3-22-2023.

Sponsors:

Indexes: Anne Wallace

Code sections:

Attachments: 1. RR23_0293_HOST_Chestnut Condos 2nd Amendment, 2. 23-0293 Filed Resolution_3501 Chestnut Development LLC_202367135-02 03.28.pdf, 3. 23-0293_3501 Chestnut Development LLC_Second Amendment_202367135-02, 4. 23-0293 Filed Resolution_3501 Chestnut Development LLC_202367135-02 03.28.2023, 5. 23-0293 - signed

Date	Ver.	Action By	Action	Result
4/3/2023	1	Council President	signed	
4/3/2023	1	City Council	adopted	Pass
3/22/2023	1	Safety, Housing, Education & Homelessness Committee	approved by consent	Pass

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 3/12/23

Requesting Agency: HOST
Division:

Subject Matter Expert Name: Jack Wylie
Email Address: jack.wylie@denvergov.org
Phone Number:

Item Title & Description:

(Do not delete the following instructions)
*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.

A resolution approving a proposed Second Amendment and Modification Agreement between the City and County of Denver and 3501 Chestnut Development, LLC to provide additional loan funding on a 49-unit affordable housing project known as Chestnut Place Lofts, located at 3501 Chestnut Place Council District 9.

Amends a loan agreement with 3501 Chestnut Development, LLC to add \$5,000,000 construction loan funding for a new total of \$8,185,000 and 1 year repayment term, as well as bifurcating the repayment structure, to address increased construction interest costs on a 49-unit affordable housing project known as Chestnut Place Lofts, located at 3501 Chestnut Place Council District 9 (HOST-202262289/HOST-202367135). The last regularly scheduled Council meeting within the 30-day review period is on 4-24-2023. The Committee approved filing this item at its meeting on 3-22-2023.

Affected Council District(s) or citywide? District 9

Contract Control Number: HOST-202262289/HOST-202367135

Vendor/Contractor Name (including any "DBA"): 3501 Chestnut Development, LLC

Type and Scope of services to be performed:

This request is to add an additional \$5,000,000 in construction loan funding to the current \$3,185,000 performance loan. The additional funds are intended to bring down the overall project costs and will be short-term, repayable financing. This increase will temporarily bring HOST's total loan amount to \$8,185,000 until the loan is repaid. The requested \$5,000,000 funding is to minimize construction interest on hard construction costs incurred for this development. The request is due to a 115% increase in the construction interest rate by the current construction lender. The additional \$5,000,000 loan from the City will share a lien position with a \$4,000,000 loan from Weave for a period of 12 months. This will be used for a replacement of undrawn proceeds of the higher-interest construction loan and will be repaid to the City through unit sales.

The purpose of this loan amendment is to add an additional \$5,000,000 (12-month construction loan at 2% simple interest) to the existing loan agreement, bringing the total loan amount to \$8,185,000.

Original permformanec loan terms - Principal and any interest accrued on the Loan shall mature and be due and payable on the ninety-ninth (99th) anniversary of the date of the Promissory Note (the "Maturity Date"), if not sooner paid. Repayment shall be forgiven by the City on the Maturity Date so long as Borrower is in compliance with all terms and conditions of this Loan Agreement

Location (if applicable): 3501 Chestnut Place

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts): N/A

Are WBE/MBE/DBE goals met (if applicable)?

Is the contract new/a renewal/extension or amendment? Amendment

Was this contractor selected by competitive process or sole source? Loan review

For New contracts

Term of initial contract:

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term:

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)? Adding funds with additional repayment term separate from the performance loan

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

\$3,185,000

What is the value of the proposed change? \$5,000,000

What is the new/revised total value including change? \$8,185,000

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)

Construction loan is 1 year repayment with a separate repayment structure